

**AUDITED FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

**SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA**

JUNE 30, 2017



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
JUNE 30, 2017**

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**SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
JUNE 30, 2017**

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**SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
TECHNOLOGY CENTER OFFICIALS
JUNE 30, 2017**

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CERTIFIED PUBLIC ACCOUNTANTS, P.C.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Southwest Technology Center No. VT-27
Altus, Oklahoma 73521

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Southwest Technology Center No. VT-27, Altus, Oklahoma (the "Center") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Technology Center No. VT-27, Jackson County, Oklahoma as of June 30, 2017, and the respective changes in financial position for the year in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-13, budgetary comparison information on page 41, and Teacher's Retirement Schedules on pages 39 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Center's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 2018, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

March 6, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Southwest Technology Center

June 30, 2017

This section of Southwest Technology Center District No. 27 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the District's financial statements that immediately follow this section.

ORGANIZATION

Southwest Technology Center School District 27 is a political subdivision of the Oklahoma Department of Career and Technology Education. The school is located in Altus, Oklahoma and operates under the local control of a five-member board of education with a designated chief executive officer. The Southwest Technology Center School District includes the public school districts of Altus, Blair, Duke, Eldorado, Granite, Hollis, Navajo, and Olustee. These school district include all of Jackson county and portions of Greer, Harmon, and Kiowa counties. Hollis Public Schools (HPS) annexed into the district on September 8, 2015.

The district offers three basic types of instruction, Full Time Programs, Adult and Career Development (ACD) and Business and Industry Services (BIS). The full time programs division includes 33 career major offerings designed to lead to industry certifications, licenses, or employment. The course offerings in the Adult and Career Development instruction are designed to enhance knowledge of specific topics, while the Business and Industry Services division strives to meet the training and development needs of business and industry. The district houses an alternative education program for the six smaller school district, a TANF special project, and an adult learning center, which offers adult basic education and English as a second language classes.

FINANCIAL HIGHLIGHTS

- The District's overall financial status in FY17 continued to increase even though state appropriation for regular operations declined in FY15 through FY17. State allocation funding decreased from \$2,135,850 for regular operations in FY15 to \$2,029,453 in FY16 and \$2,004,517 (including a \$32,036 state allocation received in FY17 for FY16) in FY17.
- District property values on which local ad valorem is collected for Southwest Technology Center increased from \$147,362,791 in FY16 to \$159,526,255 in FY17. Hollis Public School ad valorem collections began in FY17 at 50% of property valuation.

- FY17 general fund revenue was \$ 4,889,245 an increase compared to FY16 revenue, which totaled \$4,452,630.
- FY17 general fund expenditures totaled \$4,901,501, which was slightly more than FY16 expenditures of \$4,424,265.
- The FY17 fund balance forward was \$1,729,989.66 an increase over the FY16 fund balance forward of \$1,643,067. The increase in fund balance was to allow for the upcoming threat of budget shortfall and anticipated facility repairs.
- Federal program funds to the District increased from \$417,290 in FY16 to \$449,712 in FY17.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Southwest Technology Center District No. 27 basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These statements are organized so the reader can understand Southwest Technology Center District as a financial whole; an entire operating entity.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances. While this document contains all funds used by the District to provide programs and activities, the view of the District, as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016-2017?"

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, its financial position has improved or diminished. The causes of this change may be the result of many factors; some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Oklahoma restricting revenue growth, facility conditions, required educational programs, and other factors.

This report also contains other supplementary information in addition to the basic financial statements themselves. These statements are organized so the reader can understand Southwest Technology Center District as a financial whole; an entire operating entity.

The government-wide financial statements can be found on pages 14 and 15.

Fund Financial Statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District are considered governmental funds.

Government Funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spending resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. All the District's services are included here.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two governmental funds; (1) general fund and (2) activity fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and activity fund. The basic governmental fund financial statements can be found on pages 16 through 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements begin on page 20.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information of the District.

Government-Wide Financial Analysis

Net assets. Recall that the Statement of Net Position provides the perspective of the District as a whole. See the following schedule of Net Position.

Southwest Technology Center's Net Position
(Millions of Dollars)

	2017	2016
Current and other assets	\$ 2.25	2.07
Capital assets	3.34	3.50
Total Assets	5.59	5.57
Deferred outflows	1.27	.21
Long-term debt outstanding	4.42	3.10
Other liabilities	0.18	.14
Total Liabilities	4.60	3.24
Deferred Inflows	.10	.60
Net Assets:		
Invested in capital assets, net of debt	3.34	3.51
Restricted	0.80	0.86
Unrestricted	(1.98)	(2.42)
Total Net Assets	\$ 2.16	1.94

Change in Net Assets. In the current fiscal year the District's net assets for governmental activities increased by .22 million.

Changes in Southwest Technology Center's Net Assets
(Millions of Dollars)

	2017	2016
Revenues		
Program revenues		
Charges for services	0.30	0.30
grants and reimbursements	0.45	0.30
General revenues		
Property taxes	1.63	1.49
State entitlement	2.41	2.11
Other local	0.25	0.12
Investment earning	0.01	0.01
Special items		
Adj. to prior year's encumbrances	0.17	0.03
Total Revenues	5.22	4.36

	<u>2017</u>	<u>2016</u>
Expenses		
Program expenses		
Instruction	1.83	1.86
Support services	2.47	2.29
Non-instruction	0.09	0.06
Facilities acquisition and construction services	0.00	0.00
Other uses	0.22	0.02
Depreciation-unallocated	<u>0.39</u>	<u>0.37</u>
Total expenses	<u>5.00</u>	<u>4.60</u>
Decrease in net assets	<u>.22</u>	<u>(.24)</u>

Activity Funds. FY16 closed activity funds with a balance of \$42,215 while FY17 yielded a fund balance of \$40,338. All activity accounts within this fund are closed at the end of each fiscal year and re-established at the beginning of the new fiscal year; with such actions, plans, and changes for funds' use coming before the Board of Education for review and approval.

Factors Bearing on the District's Future

- Southwest Technology Center relies upon the fund balance to operate until state and local revenues begin to flow for the ensuing fiscal year, usually in December.
- There is no building or sinking fund to address capital expenditures or repairs. Therefore, management has built an adequate fund balance to cover capital needs such as program expansions, large equipment replacements/purchases, transportation vehicles, and repairs to structures and infrastructure systems.
- Southwest Technology Center has two buildings on its main campus; both in good repair. The Aviation Maintenance Program originally was located at Quartz/Altus Regional Airport in Hangar 33 through a ten-year lease with the City of Altus. In May 2008, The Oklahoma Legislature awarded a \$1 million dollar appropriation to Southwest Technology Center through HB1288 for the purchase of Hangar 33 to be used for the expansion of the Aviation Maintenance Program. On March 9, 2009 a bill of sale for Hanger 33 and a ground lease for the land the hanger sets on were executed. Southwest Technology Center took possession of Hanger 33 on that date.
- Facilities owned are meeting current needs of Southwest Technology Center but are not adequate for potential growth. The lack of a building fund has alleviated the ability to expand or upgrade facilities. Facilities are aging and upgrading and repairs will be expected. The HVAC and Boiler system were upgraded in FY14. Roofing issues continue to be a concern.

- The Aviation Maintenance program continues to grow to meet the employment needs of the Altus Air Force Base (AAFB). In FY10 the Aviation Maintenance Program was expanded to include Power Plant in response to the needs of AAFB . In April 2013, it was announced that AAFB would be the recipient of the KC46A mission with the first phase of this mission to take place with the arrival of the first plane in 2015. Considerable employment needs were realized immediately to prepare for the first plane with increased positions at each phase until the final phase in 2021 of an estimated increase of 300 positions. In addition, 54% of the more than 700 employees of the A-Team at AAFB are currently eligible for retirement in the next five years yielding additional employment opportunities. Despite the announcement of the delay of the KC-46A mission to 2017, enrollment increased in FY14 through FY16. In FY15, two classrooms and instructors were added to the Aviation and Aerospace Technology Program and halogen lights were replaced with LED lighting in the hanger to accommodate the increased enrollment.
- Southwest Technology Center operates training programs in technology that require the latest in equipment; both for replacement and new purchases as the standards change in the world of business and industry. Effective training can only be achieved on industry specific equipment and technology. Lottery funds are applied for to meet these need as equipment needs are identified for new programs or expansion of existing programs. In FY17, SWTC was awarded a \$47,000 lottery grant to establish a Business and Industry Safety Center.
- Southwest Technology Center has no capital debt.

Economic Factors. Southwest Technology Center is comprised of the communities and school districts of Granite in Greer County; Hollis in Harmon County; and Blair, Navajo, Altus, Duke, Eldorado, and Olustee in Jackson County. It is a relatively stable area with an economy steeped in agra-business. The annexation of Hollis Public Schools brought in additional enrollments and approximately \$176,000 in additional potential annual Ad Valorem revenue. Advalorem collections for Hollis Public School District will began in FY17 at a rate of 50%, FY18 will yield 80%, and FY19 will yield 100%. Altus Air Force Base is the largest employer in the District, with Bar S meat manufacturing in Altus, American Gypsum in Duke, and Jackson County Memorial Hospital being major employers.

In 2007 a Tax Increment Financing (TIF) zone was approved within the district. It includes expansion and renovation of Bar S meat production plant, as well as a new motel, new farm implement business, rental equipment business, and the new auto dealership. The anticipated payoff time for the TIF is fifteen (15) years which prohibited additional district revenues from growth in ad valorem in the southeast area of Altus, surrounding the industrial park on which Bar S is located. It did not decrease revenues but prevented growth in receipts from that area during the TIF period. The culmination of this TIF agreement promises potential growth in Ad Valorem.

Increased State legislated mandates in curricula matters, use of limited fiscal resources, and a pattern of declining enrollment in all partner school districts are at some future point anticipated

to impact the Southwest Technology Center District. Population in all southwest Oklahoma communities has continued to decline. The annexation of Hollis has promised new enrollments.

An increase in state mandates regarding salary increases, retirement benefits, and health insurance coverage, as well as curricular matters which affect secondary students, are concerns to the District. Health care reform has mandated additional employees to be covered by Health Insurance benefits beginning January 2014. In addition, the popular push in recent years to lower taxes continues as a concern to the District as revenue resources are affected.

Capital Assets

Facilities upgrades and repairs to the building continued in FY17, including continued upgrades in the Aviation and Aerospace Technology Hanger and addition of equipment for a metal fabrication program and parking lot repairs. The HVAC and Boiler system were replaced in FY14 but operating computers and equipment continue to be upgraded in FY17. Southwest Technology Center will continue to upgrade equipment and facilities in order to stay on the cutting edge of technology training, but will continue to cautiously consider purchases.

Factors Bearing on the District's Future

State Funding redistribution in the FY06 through FY14 years greatly affected the stability of Southwest Technology Center. Funding redistribution was exhausted in FY14 and budget cuts were realized in FY15 through FY17. The threat of additional budget cuts and unfunded mandated pay raises is now a primary concern. The annexation of Hollis Public Schools has offered projected future Ad Valorem growth. In FY17, only 50% of Hollis Public Schools valuation was taxed. SWTC absorbed the additional cost of serving the Hollis Public School District during this phase in year.

Increased unfunded mandates required of districts for participation in the Oklahoma Teacher Retirement State system, Health care reform, increasing premiums for participation in EGID insurance, and pending mandated teacher pay raises continue to dominate the budget allocation of the district funds and ability to meet these mandates. State funds must continue to be received to meet future mandated increases and the accompanying payroll burdens in order to maintain fiscal stability.

Program expansions must be carefully planned by the Board and Administration cognizant of infrastructure limitations. The absence of a building fund and hesitancy to call for a bond election for capital improvements combine to necessitate prudent planning for any change in programs.

At this time the Board and administration in the District are confident that with careful financial planning, close scrutiny of activities, and continued prudent fiscal management, the District can continue to expand services to the students and communities that comprise the District.

Long-Term Debt

At year-end the District had no long-term debt outstanding through the bond issuance process. There are no plans to obligate the district in the near future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions about this report or additional information may be received by contacting the Administrative Office, Southwest Technology Center District 27, 711 W. Tamarack, Altus, Oklahoma 73521.

Mr. Dale Latham
Superintendent
Southwest Technology Center
Altus, Oklahoma 73521

GOVERNMENT WIDE FINANCIAL STATEMENTS

**SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>GOVERNMENT ACTIVITIES</u>
<u>ASSETS</u>	
Current assets	
Cash	\$ 12,858
Investments	1,993,904
Receivables	246,392
Total current assets	<u>2,253,154</u>
Non-current assets	
Capital assets (net of depreciation)	3,343,341
Total non-current assets	<u>3,343,341</u>
Total assets	<u>5,596,495</u>
Deferred outflows	
Deferred outflows of resources related to pensions	<u>1,267,979</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities	
Accounts payable	78,274
Compensated leave	105,641
Total current liabilities	<u>183,915</u>
Noncurrent liabilities	
Net pension liability	4,417,884
Total non-current liabilities	<u>4,417,884</u>
Total liabilities	<u>4,601,799</u>
Deferred inflows	
Deferred inflows of resources related to pensions	<u>102,565</u>
Net position	
Invested in capital assets, net of related debt	3,343,341
Restricted	798,499
Unrestricted	(1,981,730)
Total net position	<u>\$ 2,160,110</u>

The accompanying notes are an integral part of these financial statements.

**SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
JULY 1, 2016 TO JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		<u>Net (Expense)/ Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities -				
Instruction	\$ 1,830,106	304,637	253,236	(1,272,233)
Support services	2,471,945			(2,471,945)
Operation of non-instructional services	93,546			(93,546)
Other outlays - reimbursement	400			(400)
Other uses	221,799		196,476	(25,323)
Depreciated - unallocated	389,636			(389,636)
Total general government	5,007,432	304,637	449,712	(4,253,083)
General revenues-				
Taxes -				
Property taxes, levied for general purposes				1,633,014
State aid formula grants				2,004,517
Reimbursements				39,941
Other local				205,426
Other state				412,308
Interest				6,796
Special items -				
Adjustment to prior year's encumbrances				167,019
Total general revenues and special items				4,469,021
Changes in net position				215,938
Net position, beginning of period				1,944,172
Net position, end of period				\$ 2,160,110

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**SOUTHWEST TECHNOLOGY CENTER
 JACKSON COUNTY, OKLAHOMA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2017**

	GENERAL FUND
<u>ASSETS</u>	
Cash	\$ 12,859
Investments	1,993,904
Receivables	246,392
Total assets	2,253,155
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities	
Accounts payable	78,274
Total liabilities	78,274
Fund Balances	
Committed	600,000
Assigned	198,499
Unassigned	1,376,382
Total fund balances	2,174,881
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$9,090,300 less accumulated depreciation of \$5,746,959.	3,343,341
Liabilities not due and payable in the current period and therefore are not reported as liabilities in the general fund. Liabilities at year end consist of:	
Compensated absences	(105,641)
Net pension obligation are not due and payable in the current year, therefore not reported in funds	(4,417,884)
Deferred inflows and outflows related to pensions are applicable to future periods, therefore, not reported in funds	1,165,413
Net assets of governmental activities in the Statement of Net Assets	\$ 2,160,110

The accompanying notes are an integral part of these financial statements.

SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
JULY 1, 2016 TO JUNE 30, 2017

	GENERAL FUND
Revenues	
Local sources	\$ 2,182,619
State sources	2,249,718
Federal sources	449,712
Non-revenue receipts	400
Interest	6,796
Total revenues	4,889,245
Expenditures	
Instruction	2,006,961
Support services	2,578,795
Non-instructional services	93,546
Other outlays	400
Other uses	221,799
Total expenditures	4,901,501
Excess (deficiency) of revenues over expenditures	(12,256)
Other financing sources (uses):	
Adjustments to prior year encumbrances	167,018
Total other financing sources (uses)	167,018
Revenue and other sources over (under) expenditures and other uses	154,762
Fund balance, beginning of year	2,020,119
Fund balance, end of year	\$ 2,174,881

The accompanying notes are an integral part of these financial statements.

SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
JULY 1, 2016 TO JUNE 30, 2017

Net change in fund balance - governmental funds	\$	154,762
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Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Revenues, Expenditures, and Changes in Net Assets. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	(389,636)	
Capital outlay expenditures	<u>225,029</u>	(164,607)

Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports pension benefits, net of contributions, as pension expense.	234,441
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Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (net change)	<u>(8,657)</u>
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Change in net assets of governmental activities	\$	<u><u>215,939</u></u>
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The accompanying notes are an integral part of these financial statements.

SOUTHWEST TECHNOLOGY CENTER
 JACKSON COUNTY, OKLAHOMA
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2017

<u>ASSETS</u>	<u>AGENCY FUNDS</u>
Current assets -	
Cash and investments	\$ 40,338
<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities -	
Funds held for school organizations:	
Clearing Account	20
Miscellaneous	13,795
Student Services	115
Nurse Testing	-
Auto Technology	1,631
Aviation & Aerospace	758
Construction Trades	438
Electronics	546
Business Professionals of America	1,881
HOSA	3,271
Service Careers	4,047
Business & Industry Conference	-
Faculty/Staff Activity	584
Cosmetology	9,542
Mitch Bevers Scholarship	1,045
Bio-Med	888
Power Tuition Refund	1,777
Total Liabilities	\$ 40,338

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Southwest Technology Center No. 27 (the "Center") is a corporate body for public purposes created under Title 70 of the Oklahoma statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The Center is part of the public education system of Oklahoma under the general direction and control of the State Board of Career and Technology Education and is financially dependent on the State of Oklahoma support. The general operating authority for the public education system is the Oklahoma Public School Code contained in Title 70, Oklahoma Statutes. The governing body of the technology center is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the Center.

In evaluating how to define the Center, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion involves considering whether the activity is conducted within the geographic boundaries of the technology center and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the technology center is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the Center's reporting entity.

B. Basic Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies – cont'd**

B. *Basic Financial Statements – cont'd*

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) tuition or fees paid by students or citizens of the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not classified as program revenues are reported as general revenues.

Fund Accounting

The Center uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Center functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental Fund Types

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the Centers except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies – cont'd**

B. *Basic Financial Statements – cont'd*

Special Revenue Fund - Special revenue fund include the building fund and the co-op fund. The Center did not maintain either of these funds during the 2016-17 fiscal year.

Building Fund - The building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for the Technology Center property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for Center facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Debt Service Fund - The debt service fund is the Center's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments. The Center did not maintain a debt service fund in 2016-17.

Capital Projects Funds - The capital projects fund is the Center's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring Center sites, constructing and equipping new Center facilities, renovating existing facilities, and acquiring transportation equipment. The Center did not maintain this fund during the 2016-17 fiscal year.

Proprietary Fund Types

The Center's Proprietary Funds, or Enterprise Funds, are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Center did not maintain this fund during the 2016-17 fiscal year.

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. **Summary of Significant Accounting Policies – cont'd**

B. *Basic Financial Statements – cont'd*

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Center. When these assets are held under a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency funds are used to account for assets that the Center holds on behalf of others as their agent and do not involve measurement of results of operations.

Agency Fund - The agency fund is the Center activities fund which is used to account for monies collected principally through fundraising efforts of the student and Center-sponsored groups. The administration is responsible, under the authority of the Board, in collecting, disbursing and accounting for these activity funds.-wide

C. *Measurement Focus and Basis of Accounting*

Basis of accounting refers to when revenues and expenditures are recognized in the financial statements and relates to the timing of the measurements made regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 30 days of the fiscal year end. For this purpose, the Center considers revenues, other than property taxes, that are susceptible to accrual to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies – cont'd**

C. Measurement Focus and Basis of Accounting – cont'd

absences, claims and judgments, are recorded only when payment is due. Some other significant deficiencies are as follows:

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general and building funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

D. Budgets and Budgetary Accounting

The Center is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31, for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the Center must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the Center must adopt a budget within the approved tax rate.

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies – cont'd**

D. Budgets and Budgetary Accounting – contd.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The 2016-17 Estimate of Needs was not amended by supplemental appropriations during the fiscal year.

Encumbrances represent commitments related to underperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the Center. Unencumbered appropriations lapse at the end of each fiscal year.

E. Assets, Liabilities and Fund Equity

Cash – Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments – The Center is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the Center. All investments are recorded at cost, which approximates market value.

Receivables - In the government -wide statements, receivables consist of all revenues earned at year-end and not yet received. All accounts receivable are considered collectable at year end. Major receivable balances for the governmental activities include property taxes, grants, and contracts.

Inventories - The value of consumable inventories at June 30, 2017, is not material to the combined financial statements.

Capital Assets and Property, Plant and Equipment – Capital assets, which include land, building, building improvements and equipment are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. **Summary of Significant Accounting Policies – cont'd**

A. *Assets, Liabilities and Fund Equity – cont'd*

cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment and fixtures is \$5,000. Donated capital assets are recorded as estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value or utility of the asset or materially extend asset lives are not capitalized.

Building and building improvements, and equipment and fixtures are depreciated using the straight-line method beginning in the year they are placed into service. The Center's capital assets have the following estimated useful lives:

• Buildings/building improvements	30 years
• Equipment/fixtures	5-15 years
• Vehicles	5 years

Deferred Outflows of Resources - The Center reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2016) and the end of the current fiscal year (June 30, 2017). No deferred outflows of resources affect the governmental funds financial statements in the current year.

Warrants Payable - Warrants are issued to meet the obligations for goods and services provided to the Center. The Center recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the Center's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the Center for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the budget basis of accounting.

Unmatured Obligations – The Center had no unmatured obligations at June 30, 2017.

Compensated Absences – The Center reports compensated absences in accordance with provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. **Summary of Significant Accounting Policies – cont'd**

E. Assets, Liabilities and Fund Equity – cont'd

leave is accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave is calculated using the vesting method. The balance reflects sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The accrual has been reduced to the maximum amount allowed by the Center's policy as a termination payment.

Deferred Inflows of Resources - The Center's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. Deferred inflows of resources are reported in the statement of net position for (1) the actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year. (2) The difference between expected and actual experience that the pension plan actuary uses to develop expectations such as future salary increases and inflation. This deferred inflow of resources is amortized to pension expense over the average expected remaining service life of the Plan. (3) The changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan. In its governmental funds, the only deferred inflow of resources is for revenues not considered available. The Center will not recognize the related revenues until available (collected no later than 60 days after the end of the Center's fiscal year) under the modified accrual basis of accounting that qualifies to be reported in this category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Teacher Retirement System (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported to TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies – cont'd**

E. Assets, Liabilities and Fund Equity – cont'd

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the Center, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable, available resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Net Position and Fund Balance

District-Wide Financial Statements – When the Center incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Buildings – The component of net assets that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the Center's buildings. This amount is restricted by enabling legislation.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies – cont'd**

E. *Assets, Liabilities and Fund Equity – cont'd*

Governmental Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Center is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Restricted Fund Balance – The building fund is restricted by statute to certain capital related costs, its fund balance is shown as restricted.

Committed Fund Balance – The Center has committed a portion of fund balance in the general fund for funding the cash flow needs during the first half of each fiscal year. The collection of property taxes occurs mainly in December through March. This creates a temporary cash flow deficit during the first part of each fiscal year. The committed fund balance is used to finance this temporary cash flow deficit.

Assigned Fund Balance – The Center assigns a portion of fund balance to honor the obligations made by the Center for encumbrances (purchase orders) for which goods or services have not yet been received.

Unassigned Fund Balance – Fund balance represents the funds not restricted in use by Statute nor encumbered by purchase orders, legal contracts.

F. *Revenues and Expenditures*

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the Center and available to the Center for its use. The Center is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the Center's service area. The county assessor, upon receipt of the certification of tax levies from the counties' excise boards, extends the tax levies on the tax roll for submission to the county treasurers prior to October 1. The county treasurers must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April.

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. **Summary of Significant Accounting Policies – cont'd**

F. *Revenues and Expenditures – cont'd*

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

State Revenues - Revenues from state sources for current operations are primarily governed by the state vocational-technical program formula and equalization formula under the provisions of Article XVUI, Title 70, Oklahoma Statutes. The State Board of Career and Technology Education administers the allocation of these formulas.

The Center receives revenue from the State to administer certain categorical educational programs. State Board of Career and Technology Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The Oklahoma Department of Career and Technology Education requires that categorical education program revenues be accounted for in the general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the Center is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the Center are apportioned to the general fund.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. **Summary of Significant Accounting Policies – cont'd**

F. *Revenues and Expenditures – cont'd*

Non-Revenue Receipts - Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consist of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e. foundations). Also, expenditures for self-funded employee benefit programs administered either by the Center or a third party administrator.

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies – cont'd**

F. *Revenues and Expenditures – cont'd*

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from Center funds.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no residual equity transfers nor operating transfers made during the current fiscal year.

2. **Cash and Investments**

The Center's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the Center.

Cash – The Center's bank balance of deposits and cash pools at June 30, 2017, was \$410,325. Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The Center's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the Center's third party agent in the Center's name.

Investments – At June 30, 2017, the Center's investments, totaling \$1,993,904, consisted of certificates of deposits and of investment pools (sweep accounts) invested in money market funds.

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

2. Cash and Investments – cont'd

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The Center does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Investments held by the Center in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with various banks, and are rated AAA by Standard and Poor's. The Center does not have a formal policy limiting its exposure arising from concentration of investments.

3. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

Class	
Governmental Activities:	
Buildings	\$ 7,238,117
Airplane and airplane engine	55,750
Equipment	1,322,517
Vehicles	<u>473,916</u>
Totals	<u>9,090,300</u>
Less Accumulated Depreciation:	<u>(5,746,959)</u>
Grand Totals	<u>\$ 3,343,341</u>

4. General Long-Term Debt

State statutes prohibit the Center from being indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the Center's voters. Bond issues have been approved by the voters and issued by the Center for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue.

The Center has no outstanding debt as of June 30, 2017.

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. **Employee Retirement System**

Plan Description – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the Center. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs>.

Benefits Provided – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rest with the State Legislature.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2017, qualifying employee contributions were reduced by a retirement credit of \$17,785 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2017, the Center had a statutory contribution rate of 9.5%. In addition, the Center is required to match the State's contribution rate on salaries that are paid with federal funds. The contribution requirements of System members and the Center are established and may be amended by the state legislature. For the year ended June 30, 2017, the Center contributions to the System for 2016-17 were \$220,277.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Center reported a net pension liability of \$4,417,884 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on a projection of the Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the Center's proportion was 0.05293694%.

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

5. Employee Retirement System – cont'd

For the year ended June 30, 2017, the Center recognized pension expense of \$152,943. At June 30, 2017, the Center reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 102,565
Changes in Assumptions	531,975	
Net difference between projected and actual earnings on pension plan investments	515,727	
Center contributions subsequent to the measurement date	220,277	-
	\$ 1,267,979	\$ 102,565

The \$220,277 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30		
2017	\$	188,384
2018		188,384
2019		360,696
2020		291,983
2021		99,254
Thereafter		36,713
Total	\$	1,165,414

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

5. **Employee Retirement System – cont'd**

Actuarial Assumptions – The total pension liability as of June 30, 2017, was determined based on an actuarial valuation prepared as of June 30, 2016 using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Amortization Method – Level Percentage of Payroll
- Inflation – 2.50%
- Salary Increases – Composed of 3.25% inflation, plus 2.50% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.50%
- Retirement Age – Experience-based table of rates based on age, service and gender. Adopted by the Board in May, 2015 in conjunction with the five-year experience study for the period ending June 30, 2014.
- Mortality – RP-2000 Employee Mortality Table, with male rates multiplied by 60% and female rates multiplied by 50%.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	23.5%	2.4%
Domestic Equity	40.0%	6.3%
International Equity	17.5%	6.6%
Private Equity	5.0%	8.3%
Real Estate	7.0%	4.5%
Limited Partnerships	7.0%	7.7%
Total	<u>100.0%</u>	

SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. Employee Retirement System – cont'd

Discount Rate – A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2015 and 2016. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employer calculated using the discount rate of 7.5% as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage point higher (9%) than the current rate:

	1% decrease 6.5%	Current Discount 7.5%	1% increase 8.5%
Net Pension Liability	\$ 5,806,978	\$ 4,417,884	\$ 3,287,895

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

6. Risk Management

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Center purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

7. Contingencies

Litigation

School officials are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments against the Center.

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

7. **Contingencies – cont'd**

Subsequent Events

Management has evaluated subsequent events through February 8, 2018, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

	As of June 30,	
	2016	2015
Center's proportion of the net pension liability	0.05293694%	0.05103144%
Center's proportionate share of the net pension liability	\$ 4,417,884	\$ 3,099,016
Center's covered-employee payroll	\$ 2,229,185	\$ 2,148,458
Center's proportionate share of the net pension liability as a percentage of its covered payroll	198.18%	144.24%
Plan's fiduciary net position	\$ (3,252,470)	\$ (3,486,911)
Plan fiduciary net position as a percentage of the total pension liability	73.62%	112.52%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Center will present information for those years for which information is available.

**SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
SCHEDULE OF THE CENTER'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	Center's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2017	220,277	220,277	-	2,289,316	9.62%
2016	215,696	215,696	-	2,229,185	9.68%
2015	204,607	204,607	-	2,148,458	9.52%
2014	347,013	347,013	-	2,146,351	16.17%
2013	335,759	335,759	-	2,077,395	16.16%
2012	334,584	334,584	-	2,092,083	15.99%
2011	314,718	314,718	-	1,978,796	15.90%
2010	293,455	293,455	-	1,891,025	15.52%
2009	273,212	273,212	-	1,821,831	15.00%
2008	246,090	246,090	-	1,717,909	14.32%

Notes to Required Supplementary Information

The Center's statutorily required contribution rate has changed over the prior 10 years as follows:

- | | |
|---|-------|
| 1. July 1, 2005 to December 31, 2006 | 7.05% |
| 2. January 1, 2007 to June 30, 2007 | 7.60% |
| 3. July 1, 2007 to December 31, 2007 | 7.85% |
| 4. January 1, 2008 to June 30, 2008 | 8.35% |
| 5. July 1, 2008 to December 31, 2008 | 8.50% |
| 6. January 1, 2009 to December 31, 2009 | 9.00% |
| 7. January 1, 2010 to present | 9.50% |

**SOUTHWEST TECHNOLOGY CENTER
JACKSON COUNTY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Local sources	\$ 1,762,865	1,762,865	2,174,427	411,562
State sources	2,233,497	2,233,497	2,195,233	(38,264)
Federal sources	422,850	422,850	384,102	(38,748)
Interest earnings	3,500	3,500	6,796	3,296
Non-revenue receipts	400	400	400	-
Total revenues	<u>4,423,112</u>	<u>4,423,112</u>	<u>4,760,958</u>	<u>337,846</u>
Expenditures:				
Instruction	2,506,084	2,506,084	2,039,799	466,285
Support services	3,218,695	3,218,695	2,498,053	720,642
Operation of non-instructional services	102,000	102,000	77,763	24,237
Other outlays	400	400	400	-
Other uses	239,000	239,000	225,039	13,961
Total expenditures	<u>6,066,179</u>	<u>6,066,179</u>	<u>4,841,054</u>	<u>1,225,125</u>
Revenues over (under) expenditures	(1,643,067)	(1,643,067)	(80,096)	1,562,971
Other financing sources (uses)				
Adjustments to prior year encumbrances				
Total other financing sources (uses)			<u>167,019</u>	<u>167,019</u>
Revenue and other sources over (under) expenditures and other uses	(1,643,067)	(1,643,067)	86,923	1,729,990
Cash fund balance, beginning of year	<u>1,643,067</u>	<u>1,643,067</u>	<u>1,643,067</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>1,729,990</u>	<u>1,729,990</u>
Reconciliation of budgetary comparison statutory basis to GAAP basis:				
Accounts receivable			246,392	
Reserved encumbrances			<u>198,499</u>	
Fund balance end of year GAAP basis			<u>\$ 2,174,881</u>	

OTHER SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. V-027, JACKSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/01/2016	Revenue Collected	Total Expenditures	Ending Balance 6/30/2017
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Pell grants	84.063	474	\$ 196,476	-	196,476	196,476	-
Subtotal - Direct Programs			<u>196,476</u>	<u>-</u>	<u>196,476</u>	<u>196,476</u>	<u>-</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Consortium	84.048	423	49,286		24,838	49,287	(24,449)
Carl Perkins Consortium 2015-16	84.048	N/A		(14,539)	14,539		-
Carl Perkins Supplemental Grants	84.048	N/A		(6,962)	6,962		-
TANF	93.558	452	170,906		26,648	143,909	(117,261)
TANF 2015-16	93.558	N/A		(66,695)	66,695		-
OBAN	12.002	436	17,519		17,519	17,519	-
Adult Education and Literacy	84.002	731	61,007		15,107	37,441	(22,334)
Adult Education and Literacy 2015-16	84.002	N/A		(10,268)	10,268		-
English as a Second Language	84.002	732	8,651		5,050	5,080	(30)
Subtotal - Passed Through State Dept. of Career Tech			<u>307,369</u>	<u>(98,464)</u>	<u>187,626</u>	<u>253,236</u>	<u>(164,074)</u>
Total Federal Assistance			<u>\$ 503,845</u>	<u>(98,464)</u>	<u>384,102</u>	<u>449,712</u>	<u>(164,074)</u>

Note 1 - There were no amounts passed to subrecipients.

Note 2 - The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). These expenditures are recognized following the cost principles contained in the Uniform Guidance. The Center has also elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SOUTHWEST TECHNOLOGY CENTER
 JACKSON COUNTY, OKLAHOMA
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2017

Bonding Company	Position Covered	Bond Number	Coverage Amount	Effective Dates	
Western Surety Co. Dobbs & Braddock Inc.	Public Official Schedule Bond:	62881280		10/1/16-9/30/17	
	Treasurer/Business Manager		\$ 250,000		
	Superintendent		250,000		
	Encumbrance Clerk - Custodian of Activity Funds		250,000		
			71831575		10/1/16-9/30/17
	Admin/Inventory/Assistant	50,000			
	Treasurer				
	Payroll Clerk/Minutes Clerk	100,000			
	BIS Admin. Assistant	50,000			
	Financial Aid Clerk	5,000			
	Medical Programs Admin. Assistant	5,000			
	BIS Coordinator	5,000			
	Night Clerk	5,000			
	Attendance Clerk	5,000			



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Southwest Technology Center
Altus, OK 73521

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Southwest Technology Center No. VT-27, Altus, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated March 6, 2018. This report was unqualified with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

March 6, 2018

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
SCHEDULE OF FINDINGS
JULY 1, 2016 TO JUNE 30, 2017**

Findings – Financial Statement Audit

None.

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2016 TO JUNE 30, 2017**

There were no prior year findings.

**SOUTHWEST TECHNOLOGY CENTER, JACKSON COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2016 TO JUNE 30, 2017**

State of Oklahoma)
County of Tulsa)

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public Center Audit Law" at the time of audit contract and during the entire audit engagement with Southwest Technology Center for the audit year 2016-17.

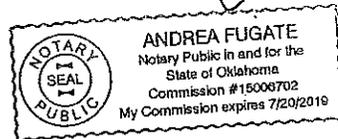
Jenkins & Kemper, CPAs, P.C.

AUDITING FIRM

BY *John A. Jenkins*
AUTHORIZED AGENT

Subscribed and sworn to before me on this
10th day of March, 2018

Andrea Fugate
NOTARY PUBLIC



Dr. Marcie Mack, State Director
Oklahoma Department of Career and Technology Education
1500 W. 7th Avenue, Stillwater, OK 74074

AUDIT ACKNOWLEDGEMENT

Southwest Technology Center
Jackson, Oklahoma
Audit Year
July 1, 2016 through June 30, 2017

The annual independent audit for the Southwest Technology Center, was presented to the Board of Education in an open board meeting on March 12, 2018, by Jenkins & Kemper, CPAs, P.C.

The Board acknowledges that as the governing body of the Center responsible for the Center's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma Department of Career and Technology Education, and the State Auditor and Inspector within 30 days from its presentation to the district school board.

In accordance with administrative rule 780 O.A.C. 15-3-4(k), the Department shall be responsible for ensuring that audits are performed by independent auditors in a timely manner and are in accordance with applicable OMB circulars and guidance.

Dee Lathan

Superintendent

James McNeill

Board of Education President

Brian A. Carr

Board of Education Vice President

Board of Education Member

Board of Education Member

Board of Education Member

Adam Burge

Board of Education Member

Dennis Bernard

Board of Education Member

Subscribed and sworn to me this 12th day of March, 2018. My commission expires on

the 14th day of May, 2020.

Cynthia A. Thomas

Notary Public

